

Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE

2 December 1983

PERU: PRESIDENT BELAUNDE'S PROSPECTS [REDACTED]

Summary

A deteriorating economy, persistent insurgency, and massive electoral setbacks have badly eroded Peruvian President Belaunde's popular standing and political base. Although the US Embassy reports he is in no imminent danger of being removed from office, a continued downward spiral in his performance over the next 6-12 months, in our view, will raise a serious danger of military intervention in the government. [REDACTED]

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The economic crisis, which has been well-chronicled by the US mission in Lima, is at the root of many of Belaunde's problems.

- Unparalleled climatic disasters this year have aggravated two years of stagnation by destroying infrastructure, causing food shortages, contributing to inflation, and curbing needed export earnings.
- Economic contraction and high inflation are sparking consumer protests and intensifying labor agitation.
- Strong public reaction to the IMF-mandated economic program is increasing pressure on Belaunde to scrap some

This memorandum was requested by the Deputy Secretary of Treasury. It was prepared by [REDACTED] South America Division, Office of African and Latin American Analysis and coordinated with the Directorate of Operations. It contains information available as of 1 December 1983. Questions and comments may be directed to the Chief, South America Division, OALA, [REDACTED]

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austerity measures in favor of more populist economic policies. [REDACTED]

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Although not a direct threat to the government, the ability of the Maoist Sendero Luminoso (SL) insurgent group to continue attacks, despite heavy losses inflicted by government security forces, has damaged Belaunde's popular standing and relations with the military, in our judgment.

- The President's decision in December 1982 to yield to the armed forces' desire to enter the fight against the 1,000 to 1,500 insurgents has led to heavy fighting in the southeastern highlands Emergency Zone and caused significant guerrilla, and probably civilian, casualties.
- The police in Lima have scored substantial successes against urban SL cells, which have reduced terrorist capabilities there.
- The SL's failure to disrupt the national municipal elections on 13 November (except for eight provinces of the highlands Emergency Zone) demonstrates its largely localized appeal.
- To date, however, the military's efforts have not significantly damaged the insurgents' leadership structure, terrorist capabilities, or popularity in their highlands stronghold. [REDACTED]

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Political and Popular Standing

Since he assumed office in July 1980, Belaunde's political fortunes and popularity have declined substantially because of economic and insurgency problems. His standing in the polls has plummeted from a satisfactory rating of over 60 percent in 1980 to a low of 18 percent in August 1983, a decline that in the view of the US Embassy has caused the rightist Popular Christian Party of the governing coalition to distance itself from the administration and Belaunde's Popular Action Party. This, in turn, has undermined the President's ability to dominate the Congress, in our judgment. At the same time, growing factionalism within the governing Popular Action Party. [REDACTED]

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[redacted] Similar perceptions contributed to
Belaunde's ouster by the military in 1968. [redacted]

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Opposition political parties successfully capitalized on widespread public discontent to convert the traditionally parochial municipal elections in November into a mid-term referendum on the Belaunde administration. The governing party suffered record losses, capturing about 15 percent of the total vote and carrying only a few insignificant municipalities. The reinvigorated major opposition party, the center-left American Popular Revolutionary Alliance, was the principal beneficiary, winning about 38 percent of the total votes and most major provincial municipalities. The Marxist United Left coalition gained about a third of the vote nationwide and won the important Lima mayoralty. [redacted]

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Outlook

As the US Embassy points out, President Belaunde is a skillful politician who retains some advantages.

- Despite public discontent with the administration, recent polls indicate that Peruvians still prefer democratic government to military rule.
- Moderate opposition parties are likely to be cautious in their criticism of the government for fear that completely discrediting Belaunde would provoke military intervention and destroy their own political futures.
- While dissatisfied with Belaunde's counterinsurgency policy, the armed forces are generally pleased with the administration's support on arms procurement and other military matters.

Thus the President may attempt to use a few highly visible measures--such as cabinet shifts, moderately populist economic measures, more armed forces autonomy in dealing with the SL--to regain some political initiative and relieve some military pressure. [REDACTED]

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